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Message Text

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ACTION EUR-12

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USDOC FOR BEWT/TDAD (STECHSCHULTE) AND BEWT/USSR (HEISS)

E.O. 11652: N/A
TAGS: ECEM, EEWT, SWEL, TBIO, UR
SUBJECT: US ETHICALS, INC., INFORMED BY SOVIETS OF APPROVED
REGISTRATION FOR DRUG "NITRONG"

1. DR HOWARD H. BERGER, PRESIDENT OF U.S. ETHICALS, INC. (LONG ISLAND CITY, NEW YORK) INFORMED COMATT JANUARY 12 THAT FIRM'S CARDIOVASCULAR DRUG "NITRONG" HAD RECEIVED APPROVAL OF SOVIET MINISTRY OF HEALTH FOR USE IN USSR AFTER FOUR YEARS OF WAITING. BERGER SAID THAT DATE OF OFFICIAL "REGISTRATION CERTIFICATE" WAS NOVEMBER 14, 1977, AND PROVIDED COPY FOR USCO FILES. BERGER DESCRIBED NITRONG AS AN EXTREMELY EFFECTIVE DRUG USED IN TREATMENT AND CONTROL OF VARIOUS CARDIO-VASCULAR DISORDERS, ESPECIALLY "ANGINA PECTORIS" (SEPTEL). SO FAR NITRONG HAS ONE CURRENT COMPETITOR IN USSR AND THAT IS DRUG PRODUCED BY YUGOSLAV ENTERPRISE WHICH, ACCORDING TO BERGET, HAS BEEN CAREFULLY STUDIED ALONG WITH NITRONG (A BETTER STUDY THAN I'VE SEEN DONE ANYWHERE"*, BERGER SAID) BY USSR ACADEMY OF MEDICAL SCIENCES AND FOUND WANTING IN SEVERAL TECHNICAL ASPECTS. (THERE HAD BEEN A SWISS
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DRUG - USTAC - UNDER TESTING EARLIER.) THUS, NITRONG APPARENTLY HAS CLEAR FIELD IF MARKETING ARRANGEMENTS CAN BE AGREED UPON (SEE BELOW).

2. ON THIS TRIP, HIS FOURTH TO USSR, BERGER SAID HE HAD BEEN INVITED TO MEET WITH DEPUTY MINISTER OF HEALTH, DR. EVGENIY IVANOVICH CHAZOV, AND - FOR FIRST TIME - WITH OFFICIALS OF FTO

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MEDEKSPORT, SPECIFICALLY, WITH FTO VICH PRESIDENT A.G. PETRENKO. PREVIOUSLY, BERGET HAD ALWAYS MET AT TECHNICAL LEVEL IN MINISTRY OF HEALTH AND WITH VARIOUS CARDIOVASCULAR RESEARCH INSTITUTES. (USCO FILES SHOW THAT WE WERE LAST IN TOUCH WITH U.S. ETHICALS, INC., IN JULY 1976, DURING BERGER'S LAST TRIP TO MOSCOW.) DURING FOUR-YEAR EVALUATION PERIOD, U.S. ETHICALS HAD RECEIVED SEVERAL ORDERS TOTALLING LESS THAN $10,000 FOR VERY SMALL AMOUNTS OF NITRONG, BUT MEDEKSPORT IS NOW PROPOSING MUCH LARGER "INITIAL ORDER" OF 50,000 BOTTLES (100 TABLETS EACH IN BOTH 2.6 MG. AND 6.5 MG. DOSES) VALUED AT NEARLY $350,000 FOR DELIVERY IN EARLY 1978.

3. PROBLEM IS THAT UNTIL NOW MEDEKSPORT HAD, UNACCOUNTABLY TO BERGER, PLACED ITS EARLIER ORDERS THROUGH BRITISH FIRM "LPC CHEMICALS AND DYES, LTD." ORDERS WHICH U.S. ETHICALS HAD ALWAYS HONORED. NOW, HOWEVER, BERGER HAS LEARNED THAT LPC WAS MARKING UP NITRONG TO SOVIETS BY 23 PERCENT AND THEREFORE WANTS TO REASSESS USING LPC AS A SALES INTERMEDIARY, DESPITE FACT THAT LPC HAS BEEN SUCCESSFUL IN SELLING PARTLY BECAUSE FIRM HAS BEEN WILLING TO ACCEPT SOVIET PHARMACEUTICAL RAW MATERIALS IN BARTER. BERGER, WHO HAD NEVER MET WITH LPC EXECUTIVES, SOUGHT OUR ADVICE. WE URGED HIM AS FIRST STEP TO CALL DIRECTLY ON U.K. FIRM TO CLARIFY PRICING FORMULA. IF AFTER THAT LPC'S ROLE AS FLEXIBLE TRADER STILL APPEARED ATTRACTIVE TO U.S. ETHICALS, THEN RELATIONSHIP COULD PROBABLY CONTINUE TO EVERYONE'S MUTUAL PROFIT. FAILING THAT, U.S. ETHICALS COULD UNDERTAKE DIRECT MARKETING OF LIMITED OFFICIAL USE

NITRONG TO USSR BUT WOULD THEN HAVE TO COPE WITH SOVIET RESISTANCE TO HARD CURRENCY EXPENDITURES AND LIKELY BARTER PROPOSALS: A BOTHER AND RISK THAT BERGER FRANKLY WANTED TO AVOID.

4. NONETHELESS, FUTURE OF NITRONG ON SOVIET MARKET - A MARKET, ACCORING TO BERGET, SATURATED WITH UNTREATED OR POORLY TREATED CARDIOVASCULAR PATIENTS - SEEMS ASSURED IF ACCEPTABLE COMMERCIAL TERMS CAN BE WORKED OUT. BERGET SAID HE PLANNED TO GO TO LONDON PERSONALLY IN VERY NEAR FUTURE FOR DISCUSSIONS WITH LPC. TO PLACE PLANNED SOVIET PURCHASE IN PERSPECTIVE, U.S. ETHICALS HAD TOTAL DOMESTIC SALES OF NITRONG IN U.S. OF FOUR MILLION DOLLARS IN 1977. BERGER HAD SEVERAL COMMENTS TO MAKE REGARDING INCIDENCE OF HEART DISEASE IN USSR - EVEN AT HIGHEST LEVELS OF GOVERNMENT - WHICH WE ARE REPORTING BY SEPTEL.
MATLOCK

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